DATE DISTR.

27 October 1948

COUNTRY

Czechoslovakia/Switzerland/USSR/Tugoslavia/Belgium Czech Trade Negotiations

NO. OF PAGES

SUBJECT

25X1A

PLACE ACQUIRED

BE

CF THIS DOCUMENT

WARNING NOTICE: THIS DISTRIBUTION LISTING MUST

REPORT NO.

25X1X

DATE OF I ACOURED

> Machinery for the Moravska Ostrava Rolling Mills has been ordered from the United States, but has not yet been delivered. An account of 9 million dollars has been opened in the United States for the payment for the rolling mill equipment. At the beginning of September 1948, Dr. Pstrov, a director of the CMNIPOL Trading Company left for the United States (via London) to try to hasten the delivery of the rolling mill equipment and to place possible orders for other machinery, including mining equipment.

> There is apparently a shartage of heavy machinery in Czechoslovakia, and no new sources of supply are available (unless the above-mentioned Dr. Pstrov is successful in his mission). An attempt is now being made to reach a trade agreement with Switzerland in order to obtain increased amounts of machinery and ball bearings. factured in the proposed trade agreement is an order for the import of 5 million worth of ball bearings. However, this amount is too great for Switzerland to moduce. On the other hand, the Swiss are not likely to permit the inclusion of Twiss purchases of American ball bearings in this order.

The Czechoslovak trade delegation in Bern is negotiating for Swiss machinery (mining machinery and muchine tools) in twice the amount provided for in previous trade agreements. The Swiss, however, are unwilling to agree to furnishing machinery in such quantity, since it would be out of proportion with previous deliveries and with deliveries of non-essential Swiss products.

These increased Czech orders for machinery are not believed to be camouflaged orders for the Soviet Union. From all indications, the machinery and bearings asked for are those which are very much needed in Czechoslovak economy. Furthermore the demand has increased since last year because the United States is not furnishing these products. It should be noted here that Rumania, Hungary, and Poland are also pressing Switzerland for increased deliveries of machinery and ball bearings, possibly because such deliveries are no longer received from the United States, or because some of these products may be diverted to Russia.

5. Deliveries of Czechoslovak finished products to Russia have increased during the menths to a monthly amount worth about 500 million Kcs. The shipping of all available goods to the East has cut Czechoslovak exports to the West, thus making it difficult for Czechoslovakia to obtain hard currency and to make trade pacts. Efforts are being made to cancel Czechoslovakia's debt to Russia of over 2 million Kes. (caused mainly by the cost of grain deliveries during the winter of 1947-1948).

Confidential CLASSIFICATION SECRET

NAMPPROVED OF Release 2001/11 1/23 RIBUT ON TRANSPORTED TO THE PROPERTY OF THE PROPERTY

ARMY

GENTRAL INTELLIGENCE AGENCY

ILLE

ria is now delivering certain raw materials to believed in Prague industrial circles, that to believed in Prague industrial circles, that to believed in Prague industrial circles, that to estern dermany, since the instructions and catally slovak industrialists are reluctant to accept this tested and its origin (as possible war-time produmachinery) is not known.

- 7. Czechoslovak deliveries of oil piping to Russia a possibly amounting to 45 percent of Czechoslovak
- 8. Apparently Belgium is Czechoslovakia's main source negotiations with Belgium are not proceeding accordiovakia is also in need of lead. It was recently firms in Czechoslovakia have been instructed to price.
- 9. Czechoslovak trade with Yugoslavia has almost come to a star entirely due to the conflict between the Cominform and Yugoslavia months before this occurred, deliveries to Yugoslavia was unable to make valuable enough shipments in a said fruit. After Tito's break with the Cominform, Czechoslo to stop all deliveries to Yugoslavia. This brought protests of the Kovostroj (Central Machine Production Board) on the spossible to stop production of some heavy machinery which was vanced stage of manufacture. Therefore, some machine delivered to Yugoslavia.
- 10. Whether or not Czechoslovakia is delivering arms to Ethiopis these deliveries are most likely ultimately destined for Pal
- 11. Almost all Czechoslovak gold and foreign currency reserves a switzerland. The following three persons, at present abroad of these funds: Directors Chmela and Blazer now on a three in South America; and Director Kosut, with the trade delegated the three are directors of the National Bank in Czechoslovak the Commanist Party. Kosut (and possibly Chmela) is not a Commanist by Controlled the Commanist of the Campanist Party. Kosut (and possibly Chmela) is not a Commanist by Controlled the Campanist Chmela and Blazer arranged to take the prolonged trip to South America on the assumption that war would break out this fall and they would then be able to place the funds of the National Bank at the disposal of the Czechoslovak Idberation Movement abroad.

